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I. United States

1. DPRK Missile Tests

The Wall Street Journal (Ronald G. Shafer, "WAG THE MISSILE," 02/12/99, 1) reported that some analysts predicted that the DPRK may test-fire another long-range missile next week to celebrate Kim Jong-il's 57th birthday. US Secretary of State Madeleine Albright, Defense Secretary William Cohen, and other top national-security officials have scheduled a meeting on DPRK policy next week with DPRK policy coordinator William Perry. [Ed. note: This article was included in the US Department of Defense's Early Bird news service on February 12.]

2. Kim Jong-il's Birthday Celebration

Agence France-Press ("THOUGH PEOPLE ARE STARVING, NORTH KOREA PLANS $100 MILLION BIRTHDAY FOR KIM," Seoul, 02/12/99) reported that the ROK's National Intelligence Service (NIS) said Friday that the DPRK will spend more than US$100 million on celebrations for Kim Jong-il's birthday next Tuesday. NIS said, "North Korea is estimated to be dissipating more than $100 million on the celebration programs of Kim Jong-il's birthday, which could (be used to) import 500,000 tons of corn." It added that that amount of grain would be "roughly equivalent to a third of the 1.63 million tons, which is the estimated shortfall in their food supply this year." It said that the DPRK has invited dignitaries from 10 countries to the birthday celebrations, which will include a flower show, an international figure-skating competition, a major parade, and 20 other commemorative events.

3. Y2K Bug in DPRK

Agence-France Presse ("NORTH KOREAN, U.N. GENERALS DISCUSS Y2K CHAOS," Seoul, 02/11/99) and the Associated Press ("TWO KOREAS MAY MEET ON Y2K PROBLEM," Seoul, 02/11/99) reported that ROK and US officials said that generals from the US, Great Britain, the ROK, and the DPRK held talks on Thursday in Panmunjom on how to avoid military accidents caused by the "Y2K millennium bug" computer problem. The meeting was the first discussion between the two sides in more than seven months. The officials said that the agenda centered on "efforts to avoid accidental armed clashes" caused by millennium bug problems. The United Nations Command (UNC) said in a statement, "UNC ... proposed further meetings to be held on this subject with the DPRK. The talks were conducted in a sincere and businesslike manner." An anonymous ROK military official said, "The North Korean response was positive." The ROK's Yonhap News Agency said that talks between computer experts from the two Koreas were likely to take place "in the near future" to solve the Y2K problem. The UNC declined to confirm the report. Other issues discussed on Thursday included whether to re-establish a second telephone hotline in Panmunjom for "assured communications" between the two sides. The UNC also offered to hold "general officer meetings" every three months, but the DPRK has yet to accept the offer. [Ed. note: This article was included in the US Department of Defense's Early Bird news service for February 12.]

4. DPRK Famine

The Washington Post (John Pomfret, "PORTRAIT OF A FAMINE," Luguo, 02/12/99, 1) reported that an estimated 100,000 DPRK refugees are living in northeastern PRC, and that many refugees commute between the two sides to engage in black market trade. Ethnic Koreans in the PRC have been sheltering thousands of refugees, and ROK private aid officials and missionaries are also active in the border region. Chinese sources said that intelligence operatives from Japan, the US, the ROK, and Russia frequent the region in efforts to monitor events across the border, along with agents from the PRC's State Security Ministry. One unnamed Western diplomat was quoted as saying, "This is a wild zone. Everybody has three identities and four ID cards. It's one of the ends of the earth." PRC border police have rounded up hundreds of DPRK refugees in recent weeks and forcibly

repatriated them to the DPRK. Refugees said that while DPRK border guards have lately stopped firing on fleeing refugees. One woman from the border city of Hyesan who has made five trips across the border searching for food stated, "Now they let us cross and when we come back over we give them money and food. They are hungry, too." Another refuge stated, "The children of officials all used to want to join the army because they got food. Now, they are in the markets like everyone else. But they have guns." Refugees charged that international aid is being systematically diverted toward children of members of the ruling Workers' Party and the army. They added that their children were either not getting or only rarely received UN aid even though they live in regions where the UN distributes food. Francois Jean, the director of research for a Paris-based foundation run by Doctors Without Border, argued, "There is a complete contradiction between the logic of humanitarian aid and the logic of the North Korean regime. The deal the West has made is simple: 'We'll give you food to bolster your regime and then you behave.' But is that what we really want to do? And are the North Koreans behaving?" However, Judy Cheng-Hopkins, the director of Asia programs for the World Food Program (WFP), said that her agency is satisfied that food is getting to people who need it. WFP officials also stressed that international aid accounts for only 10 percent of the food that the DPRK needs to feed itself. [Ed. note: This article was one of the top stories in the US Department of Defense's Early Bird news service for February 12.]

The Washington Post (John Pomfret, "FOR SOME FOOD, NORTH KOREANS DEAL DAUGHTERS," Wangqing, 02/12/99, A30) reported that officials in private aid agencies working on the DPRK side of the border with the PRC said that an increasing number of young DPRK women are being smuggled out and sold to Chinese farmers and laborers from throughout the country who have trouble finding wives. Although some are sold to karaoke halls and brothels, most are sold to single men from villages that many young Chinese women have abandoned for bigger cities. An ROK aid worker said that people in the DPRK have already traded a large portion of their factories and forests to the PRC for grain. He added, "They need other things to trade, so they are trading their girls." A Chinese smuggler was quoted as saying, "They don't have anything else. We've cleaned out the mine, and the chicken farm. Now we are taking their pretty girls." According to local sources, in the last two months, PRC authorities have increased the fine for human smuggling to more than US$1,000, but smugglers can recoup the fine by selling one bride.

5. Indian Food Aid for DPRK

The Associated Press ("INDIA GIVES NORTH KOREA FREE RICE," Seoul, 02/12/99) reported that the DPRK's official Korean Central News Agency said that India provided the DPRK with 1,000 tons of free rice on Friday. The report added that India had earlier donated US$100,000 worth of blankets, 1,000 tons of wheat, and 2,000 tons of rice. The new aid was handed over in a ceremony at the DPRK port of Nampo.

6. ROK Military Budget

Reuters ("SKOREA TO SPEND $69.3 BILLION IN 5-YR DEFENCE PLAN," Seoul, 02/12/99) reported that an unnamed ROK defense ministry official quoted ministry spokesman Kang Joon-kwon as saying on Friday that the ROK has completed a five-year budget plan that includes a total of 81.5 trillion won (US$69.3 billion) on defense against the DPRK. Kang stated, "About 32 percent or 26 trillion won would be spent on beefing up the military's strength." He added that, with the new budget, the ROK hoped to raise its relative military strength to more than 88 percent that of the DPRK's from 75 percent at present. Ministry officials said that the relative figure is based on the quantity and quality of military weaponry. Kang said the ministry would seek to increase its defense budget by four to six percent every year between 2000 and 2004. He added that the ministry sought

to increase the defense budget by 5.5 percent to 14.5 trillion won next year. He also said the ministry would seek to develop new weapons systems or purchase them either partially or wholly from overseas, including investing two trillion won for securing a surface-to-air missile system in the year 2000 to replace the current system. The ministry would also secure military attack helicopters such as the US-made Apache with 2.1 trillion won in 2002, and would spend three trillion won for its own 7,000-tonne Aegis destroyers by 2010. It would spend three to six trillion won from 2001 for next-generation fighter jets and 100 billion won in 2002 for unmanned reconnaissance aircraft. Kang said the government would postpone to 2004 its previous plan of securing AWACS (Airborne Warning and Control System) in 2001 and would seek to introduce mid-flight refuelers in 2004. He added that, through execution of the five-year plan, the ROK's military capabilities would be equal to that of the DPRK by 2010.

7. PRC Missile Deployment

The Associated Press ("U.S.: NO INCREASE IN CHINA MISSILES," Washington, 02/12/99) reported that US Defense Department spokesman Michael Doubleday said Thursday that the PRC has not increased the numbers of missile aimed at Taiwan for five or six years. Doubleday stated, "We acknowledge that China has been modernizing its armed forces and has been increasing its capabilities on a variety of fronts. But I think it is incorrect to think that the missile threat ... is something that developed in the last several months."

8. South China Sea Islands Dispute

The Washington Times (Bill Gertz, "PENTAGON MONITORS CHINA OVER ACTIONS ON DISPUTED ISLES," 02/12/99, 17) reported that the US Defense Department said Thursday that it is watching PRC military activities on disputed islands in the South China Sea. Defense Department spokesman Captain Michael Doubleday stated, "We've been closely monitoring activities in the South China Sea and following developments regarding Chinese military modernization very carefully." He added, "We call on all claimants to the Spratlys and Paracels to resolve their differences in a peaceful manner, consistent with international law." He also stated, "Unhindered navigation is essential for peace and prosperity in the entire region and for the United States." State Department spokesman James Foley said, "The Chinese construction in the South China Sea on disputed islands is a potentially provocative unilateral activity. We hope the Chinese will continue discussions directly with all parties involved." [Ed. note: This article was one of the top stories in the US Department of Defense's Early Bird news service for February 12.]

9. US-PRC Relations

The New York Times carried an analytical article (Jane Perlez, "HOPES FOR IMPROVED TIES WITH CHINA FADE, Washington, 02/12/99) which said that US President Bill Clinton's hope for a new era in PRC-US relations has faded. Jonathan B. Pollack, a defense strategist at the Rand Corporation who recently visited the PRC, stated, "The Administration thought after the Clinton trip that it had come to some tolerable modus vivendi with China. But it doesn't run very deep, there's a clear sense that the underpinnings are very fragile, and there's a very clear potential for a real reversal in the relationship." [Ed. note: This article was included in the US Department of Defense's Early Bird news service on February 12.]

10. US Missile Defense

The Washington Post carried an opinion article (Stephen S. Rosenfeld, "MISSILE DEFENSE, STRATEGIC OFFENSE," 02/12/99, 35) which said that, while missile defense is a sensible response to the growing threat from "rogue" states, it can also lead to fears that the US may be planning a more aggressive policy. The article stated, "We are concentrated on defense against rogues and tend to think less of the secondary effects that a rogue-oriented American missile shield might have on countries that are not rogues but whose nuclear arsenals make up a core part of their policy, their security and their identity in the world." It argued, "That doesn't compel us to forgo a missile defense against the rogues. It means that such a defense should not give strategic offense to Russia and China." [Ed. note: This article was included in the US Department of Defense's Early Bird news service on February 12.]

11. Indian-Pakistani Parliamentary Conference

The Associated Press (Kathy Gannon, "PAKISTAN, INDIA LAWMAKERS NEGOTIATE," Islamabad, 02/12/99) reported that lawmakers from Pakistan and India opened a two-day conference on Friday. More than 35 lawmakers from India and 60 from Pakistan are attending the conference. In his opening remarks, Imtiaz Alam of Pakistan's Jang group of newspapers, the organizers of the conference, said that the motivation for the conference was, in part, to "save this beloved subcontinent of ours from nuclear catastrophe."

II. Republic of Korea

1. ROK Defense Budget

Joongang Ilbo ("NEW DEFENSE PLAN REVEALED," 02/12/99) reported that the Ministry of National Defense (MOND) announced its new defense plan for the next five years. According to the five-year basic plan, ROK forces will be better-trained and technology-oriented, and be better prepared against the threat of a DPRK attack. MOND also outlined the preparation for future security by adding the "Dream Torpedo Destroyer" project. The Ministry will spend more than US$20 billion in 320 different areas. In terms of missile and anti-missile development, both the US Patriot and Russian S-300 will be candidates. Furthermore, the next-generation scout plane project will commence in 2001. The new combat helicopters will either be the American Apache or European Tiger-2 model. By the end of 2004, ROK military power will be at about 88 percent of the DPRK's in terms of overall military power.

2. Kim Jong-il's Birthday Celebration Joongang Ilbo ("NK FORCES GIFTS FOR LEADER KIM JONG IL," 02/12/99) reported that the National Intelligence Service (NIS) stated, "The reason the DPRK diplomat in Germany sought refuge in the US was primarily because the DPRK is currently pushing all diplomats to collect as much money as possible to present to the DPRK paramount leader, Kim Jong-il, on his birthday." It has been reported that a single foreign office must gather between US$100,000 to US$1 million, which is causing lots of stress for the diplomatic officials. Kim's 57th birthday is on February 16, and the regime is busy preparing his presents while spending US$90 million in expenses. According to the NIS, to mark the occasion, people will also receive sugar, cooking oil, wheat, and fruit, as well as watches for military high officials.

3. ROK-Taiwan Relations

Korea Times ("KOREA, TAIWAN NEED TO DEEPEN ECONOMIC TIES," 02/12/99) reported an

interview with the representative of the Taiwan Mission in the ROK. Taiwan's top envoy said that the ROK and Taiwan should bridge gaps--such as the lack of formal diplomatic relations between them--by intensifying economic interdependence. He added, "Our development direction is different. You are based on big enterprises and ours are based on small and medium-sized enterprises. So we can be complementary to each other." However, he pointed out that the absence of a diplomatic channel, particularly the lack of high-level exchanges between the two governments, could cause misunderstandings between them. As an example, Lin singled out the diplomatic row over Taiwan's plan to transfer its nuclear waste to the DPRK. Lin said the problem was initiated by the public-owned Taiwan Power Company, but the state atomic commission, in charge of nuclear matters, rejected the company's application because it didn't fully meet the requirements. Lin denied the press reports that Taiwan is planning to open a mission in the DPRK, saying, "The news is not the whole truth. It is not really a mature reality, although we have had some contacts with North Korea for some time." Taiwan has contacted the DPRK to address three main issues: regional security and development, Taiwan's trade and economic interests, and humanitarian considerations. According to Lin, the Taiwanese government and private organizations, including a Buddhist organization, have made humanitarian donations to alleviate the DPRK food shortages. "I was told if we want to help the DPRK, Taiwan may consider improving the DPRK's agricultural production. Because of the international situation, we don't know whether this will go smoothly," he said.

III. Japan

1. Japanese Participation in Agreed Framework

The Yomiuri Shimbun ("KEDO FACES FINANCIAL PROBLEM," 02/12/99) reported that Japan is having a problem with the Korean Peninsula Energy Development Organization (KEDO) because an agreement on Japan's payment of US$1 billion has not yet been reached. Japan's payment is crucial because it is part of the US$4.6 billion light-water reactor supply to the DPRK. Although the payment will be carried out through the Export-Import Bank of Japan, the issue of loan warranty is yet to be solved. This is delaying the payment, according to the report. The Japanese government is asking KEDO to resume the loan warranty, but KEDO has refused the request. The report concluded that this may hinder the procedure at the Diet to approve the agreement on Japan's financial contribution to KEDO. The report added that the Japanese government decided to provide US$1 billion for the light-water reactor project through the Export-Import Bank instead of its Official Development Aid because there are no official diplomatic relations between Japan and the DPRK, and also because the money will be used for nuclear reactors.

2. Japanese-DPRK Relations

The Daily Yomiuri ("N. KOREA SEEDS RETURN OF REMAINS," 02/12/99) reported that according to Foreign Ministry officials on February 11, the DPRK asked the Japanese Red Cross Society to return the remains of six bodies, believed to be those of DPRK soldiers, that have washed up on Japanese shores over the past year. The report said that the bodies have already been cremated, and the remains are being held by local municipalities and that the Red Cross is expected to comply with the DPRK's request.

3. Japanese Satellite Development

The Yomiuri Shimbun ("JAPANESE DEFENSE AGENCY TO INTRODUCE US SATELLITE

TECHNOLOGY," 02/12/99) and the Daily Yomiuri ("SATELLITE DATA ANALYSTS TO GET TRAINING IN US," 02/12/99) reported that the Defense Agency (DA) will before the end of this year send visual surveillance analysts of its intelligence headquarters to the US to receive training in satellite image analysis, according to DA officials on February 11. The DA will also strengthen the visual surveillance division by doubling its staff in fiscal 1999, which was decided in response to the DPRK's missile launch last August. The analysts will receive their training at the US Defense Department. The report added that the incident last August proved the inadequacy of Japan's security surveillance capabilities and prompted the DA's decision to upgrade the skills of its visual data analysts. The DA currently pays for satellite surveillance data received from the National Space Development Agency via its satellites. The data is analyzed by about 30 specialists at the visual surveillance division. The DA is planning to add about 30 new staff to the Self-Defense Forces and about 10 to the DA to double data analysts before the end of fiscal 1999.

4. Japan-ROK Policy toward DPRK

The Yomiuri Shimbun (Chiharu Mori, "JAPAN AND ROK REASSURED TO PREVENT DPRK MISSILE LAUNCH," Seoul, 02/11/99) reported that visiting Japanese Foreign Minister Masahiko Komura met with ROK President Kim Dae-jung and Foreign Minister Hong Soo-young in Seoul on February 11. While they agreed to strengthen Japan-US-ROK ties to prevent the DPRK from further missile launches, Komura said, "Given the worsening sentiment among the Japanese public towards the DPRK, it is difficult (at the moment) to provide benefits to the DPRK." In his meeting with President Kim, in particular, the two shared concern over the DPRK's missile development and exports. Kim, however, emphasized the importance of taking a look at the "positive sides" of the DPRK, including its cooperative stance on the Four Party Peace Talks and the Mt. Kumgung project, suggesting the ROK's continued policy to promote these positive sides.

5. DPRK Y2K Bug

The Yomiuri Shimbun ("PROPOSAL OF NORTH-SOUTH TALKS ON Y2K," Seoul, 02/11/99) reported that the UN Command (UNC) in the ROK and the DPRK People's Army met at Panmunjom on February 11 for the first time in seven months. The UN proposed that regarding the Y2K bug, the ROK and the DPRK cooperate in preventing accidental military collisions. According to the report, although the DPRK's reaction has not been revealed yet, some ROK paper quoted an official as saying, "The DPRK showed a positive attitude," adding that a meeting among experts on the issue will likely be held. The report added that the previous talks between the UNC and the DPRK People's Army were held three times to discuss the DPRK's submarine incursion into ROK territorial waters last June and that the DPRK refused the UN's offer to resume the talks on the DPRK's submarine incident last December.

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We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

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